

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7307

Investigation into Vermont Electric Utilities' Use of)
Smart Metering and Time-Based Rates)

Order entered: 1/31/2008

ORDER RE: COMMENTS ON DOCKET STRUCTURE

The third workshop in this proceeding was held on January 15, 2008. The workshop included a presentation on the analysis of smart metering deployment cost-effectiveness in Vermont prepared by the Vermont Department of Public Service's ("Department") consultants. In addition, other parties, including the utilities, had an opportunity to provide initial reactions to the consultants' recommendations in the report.

In general, the Department's consultants' analysis showed that the deployment of smart metering would be cost-effective for Vermont as a whole, and likely cost-effective for all of Vermont's larger utilities. The possible exception in their analysis was Green Mountain Power Corporation. The operational savings are the biggest driver and account for the majority of benefits identified. They also found that further benefits were likely from demand response programs enabled by the smart meters. However, some participants questioned whether these savings were likely to occur at the levels reflected in the analysis. The Department and its consultants stressed that the analysis performed captured only a subset of the benefits to the utilities and customers, and should therefore be viewed as conservative at this stage.

With the completion of the initial, statewide analysis of the cost-effectiveness of smart metering, it is necessary to determine what further steps the Public Service Board ("Board") and parties should undertake with respect to the deployment of smart metering technology. In addition, we must establish a process for examining the rate design issues assigned to this proceeding, including an assessment of the potential use of rate designs to encourage energy efficiency and make use of smart metering technology. These two broad inquiries encompass numerous issues. For that reason, the parties recommended that I provide an opportunity for the submission of written comments, including reply comments, on how this docket should proceed

to address these issues. Parties also asked that I attempt to outline the issues that should be addressed in those comments.

I agree with the parties that written comments on how to proceed are appropriate. Given the range of issues and possible separate paths towards resolution, each party will need some time to devise proposals. Accordingly, parties shall file comments by February 11, 2008, with reply comments due February 25, 2008.

As to the scope of the comments, parties should focus on the best way to move towards resolution of the issues now assigned to this docket. In particular, parties should address the following:

- How should we proceed to examine the recommendations in the consultants' report. This should include consideration of what further analyses are needed on a utility-specific basis and how and when such analysis would be performed and reviewed, if appropriate.
- What other smart metering issues need to be resolved? Parties should give consideration to the requirements set out in H.520 and S.209 (these are almost identical), which appear likely to be enacted this year. For example, subsection (b)(3) of the smart metering provision requires the Board to consider ways to design pilot programs. Parties should propose how to consider this and other issues outlined in the statute.
- How should the rate design examination be conducted? Rate design includes several different facets including consideration of inclining block rates or other rate designs to encourage energy efficiency, implementation of rate designs that take advantage of smart meters, and how the customer charge should be set? Should these issues be examined collectively or separately?
- Most of the consultants' review of smart metering non-operational savings focused on demand reduction. Should consideration be given to use of smart metering for energy reduction? How should this be structured? Presumably, this aspect of the review would also examine use of additional, on-premises technology to supplement the smart meters.
- In their comments, parties should give consideration to whether the review of these issues would be facilitated by some bifurcation of this docket or even whether some issues are better examined outside of the docket (although parties should bear in mind the Board's anticipated responsibility under Sections 5 and 6 of H. 520).

Utilities should also explain their current plans for implementation of smart metering.

SO ORDERED.

Dated at Montpelier, Vermont, this 31st day of January, 2008.

s/George E. Young

George E. Young
Hearing Officer

OFFICE OF THE CLERK

FILED: January 31, 2008

ATTEST: s/Judith C. Whitney

Deputy Clerk of the Board

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